



# 2020 PCC Evidence Report

Ann Kempster, MS

Adviser, PCC

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primary care  
collaborative

PCCEvidenceReport

## Primary Care Spending: High Stakes, Low Investment

December 2020



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# 👤 2020 Evidence Report: 4 Components

1. Provide updated national and state estimates of primary care spending percentages
  - Commercial and Medicare Advantage
  - 2017–2019 spending trends
2. Review recent literature on primary care spending and:
  - Utilization
  - Workforce
3. Consider factors, such as rising deductibles, affecting demand
4. Update state actions, accomplishments for 2019–2020



# Authors and Reviewers

## Authors

- Ann Kempfski, MS
- Ann Greiner, MCP

## Reviewers

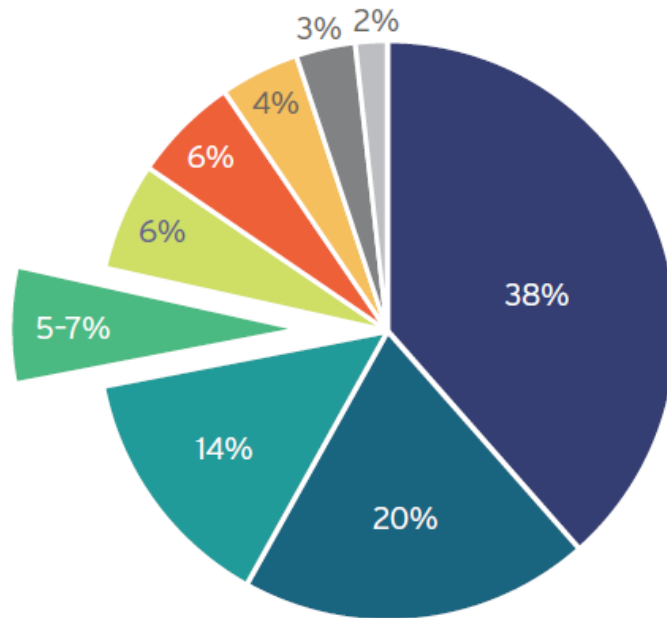
- Christopher F. Koller, MD
- Rachel Reid, MD, MS
- Yalda Japparpour, MD
- Mary D. Naylor, PhD, RN, FAAN



# Why it Matters

## Health Care Spending

- Hospital care
- All other physician and professional services
- Prescription drugs and other medical nondurables
- Primary care
- Nursing home care
- Other health, residential, and personal care
- Dental services
- Home health care
- Medical durables



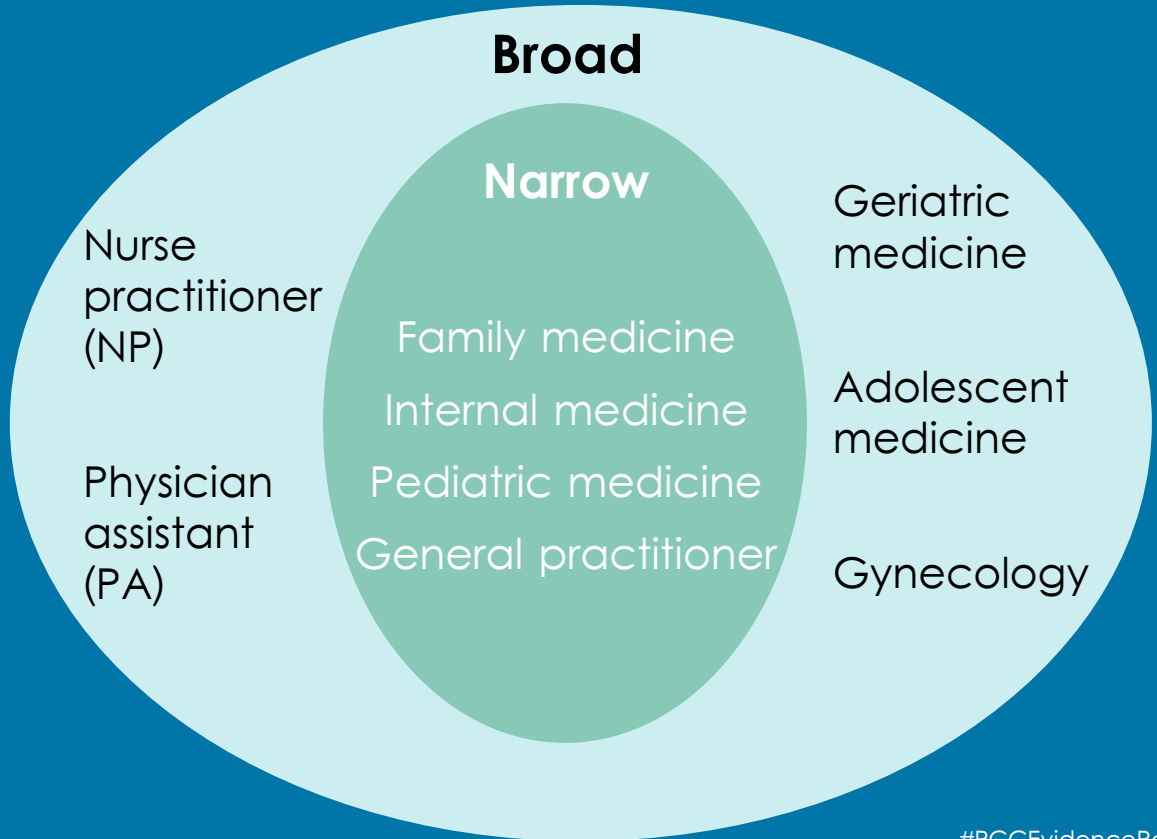


# Data & Methods

- Analysis of FAIR Health dataset of private healthcare claims
  - employer-sponsored
  - individual, small and large group
  - Medicare Advantage plans
- State-level, age-adjusted, timely estimates of primary care spending for commercially insured, 50 states
- 2017–2019 trended data
- Included claims for patients with 12 months of continuous coverage
- Rx spend imputed using credible sources external to FAIR Health
- Used definition of narrow and broad primary care spending closely aligned with Bailit, et al. 2017

# @ How PCC Defined Primary Care

- Services delivered in office, outpatient settings
- Evaluation and management visits
- Preventive visits
- Care transition, coordination services
- Screening, counseling





# Data Limitations

- Does not include non-claims payments
- Not directly comparable with state reports using APCDs
- Not able to disaggregate spending into price and utilization
- State residence imputed based on proximity to primary care and other outpatient claims
- Not able to identify behavioral health services delivered in primary care



# FINDINGS: U.S. PC Investment *Low and* Declining



## PC Spending Declined Among Commercially Insured 2017–2019

**PCC finds decline similar to other recent analyses**

Definition	2017	2019
Narrow	<b>4.88%</b>	<b>4.67%</b>
Broad	<b>7.8%</b>	<b>7.69%</b>

### *JAMA Internal Medicine 2020* All Payer Decline 2002–2016

- 6.5% to 5.4% decline, narrow definition

### *JAMA 2019* Commercially Insured Decline 2013–2017

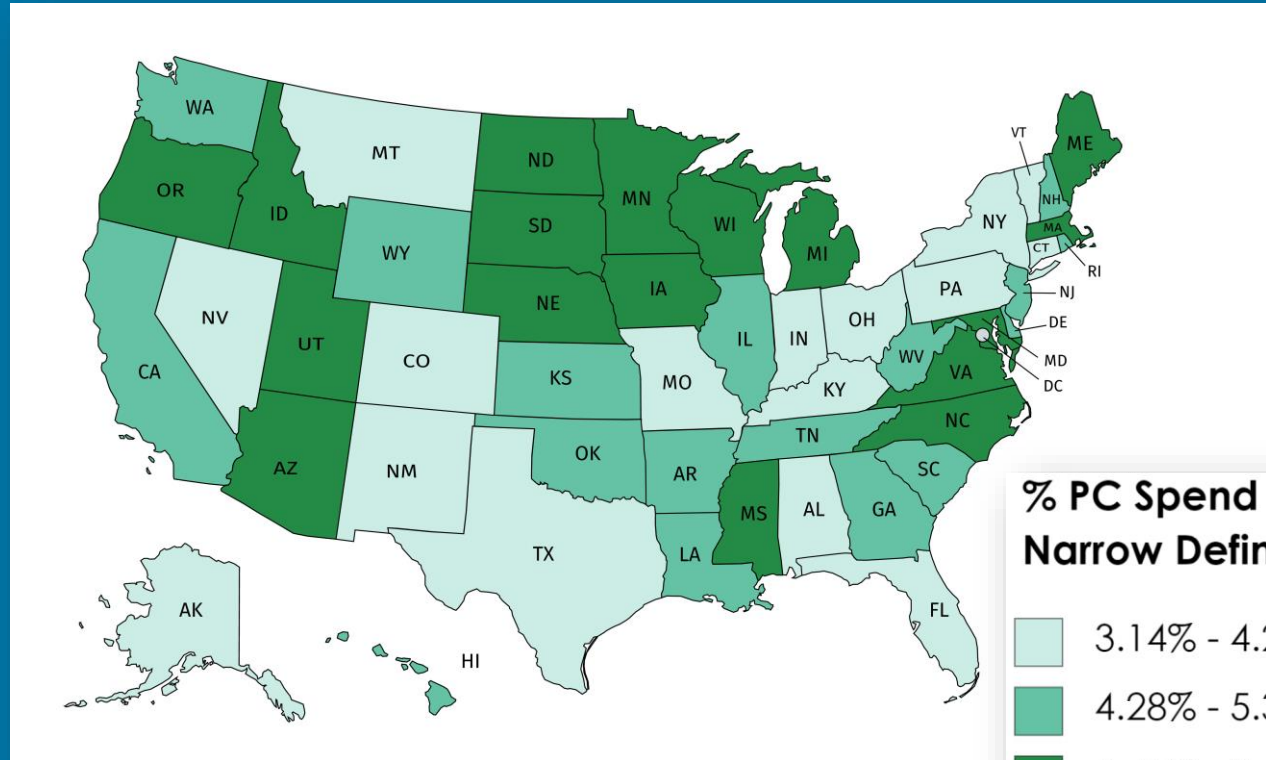
- 4.6% to 4.35% decline, narrow definition
- 8.97% to 8.04% decline, broad definition





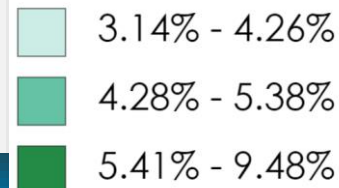
# Large Variation Across States

## Narrow Definition



2019 U.S.  
Average:  
4.67%

### % PC Spend by State Narrow Definition

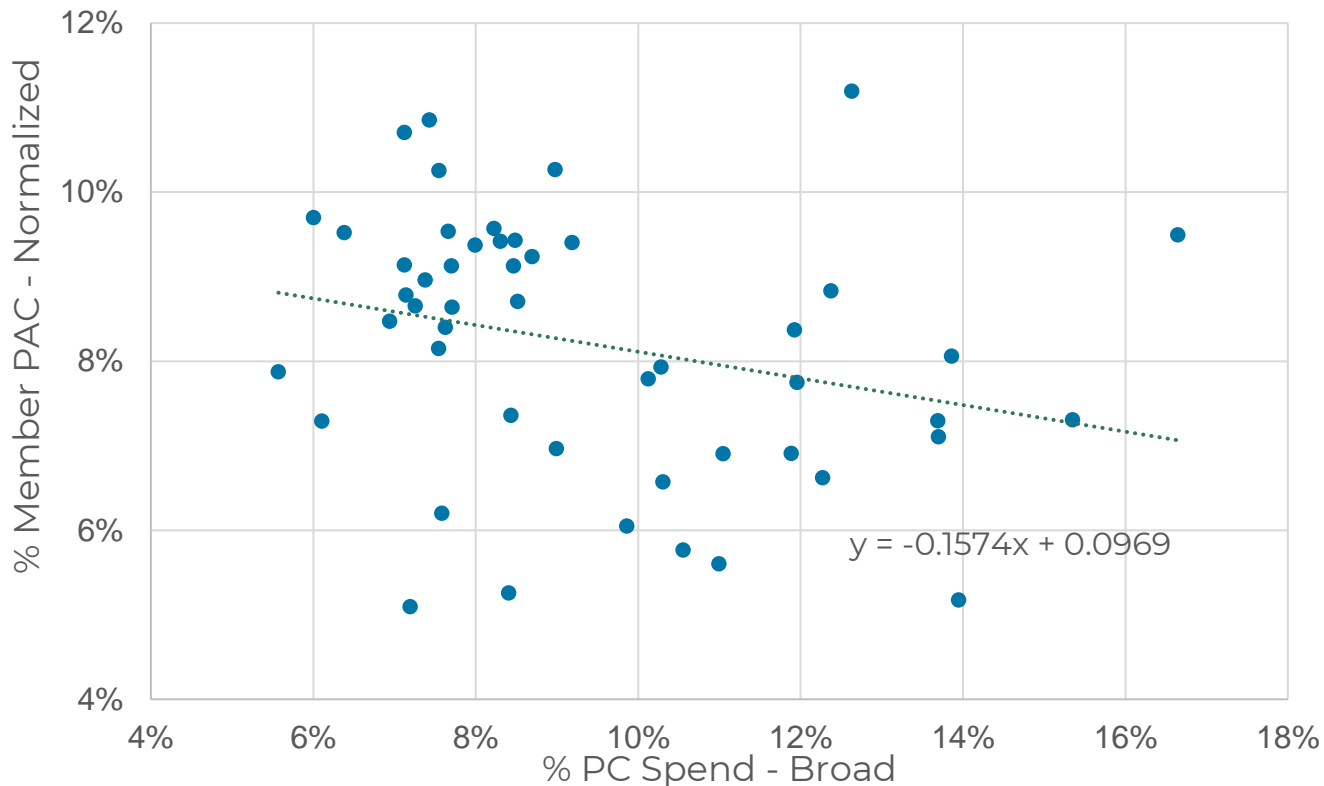




Replicated Associations Between Higher State Primary Care Spending, Lower Hospital Utilization

# Higher PC Spending Associated With Avoidable Hospitalizations

Avoidable Hospitalizations Associated with Higher PC Spending



# @ Higher PC Spending & Other Outcomes

## ED Visits

Negative



## Hospitalizations

Negative



# ② Potential Causes of PC Spending Decline

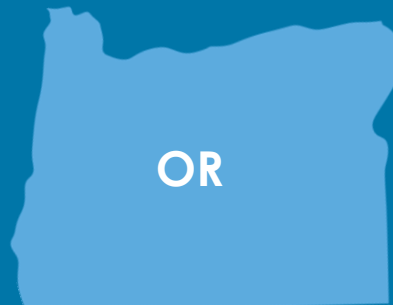
- Measurement error
  - Non-claims VB spending
  - Self-pay in retail, other settings
  - Employer-based clinics, Direct PC
- Demand-driven decline due to rising deductibles and cost-sharing
- PC spending outpaced by increases in rest of system

# State- and Payer-Level Findings: Non-Claims Spending Important in Select States

- Absence of non-claims spend biases results downward (CA, RI, VT, CO, OR)
- Increasing spend consistent with PCMH efforts (MI, ID, NC)
- A few puzzling outliers in both directions (MS, PA)



Vermont found non-claims spending accounted for 10% of commercial spending on PC (2018)



Oregon found non-claims spending was 47% of total commercial spending on PC; highly skewed by one plan at 91% (2018)



# PC Utilization Trends Flat or Negative

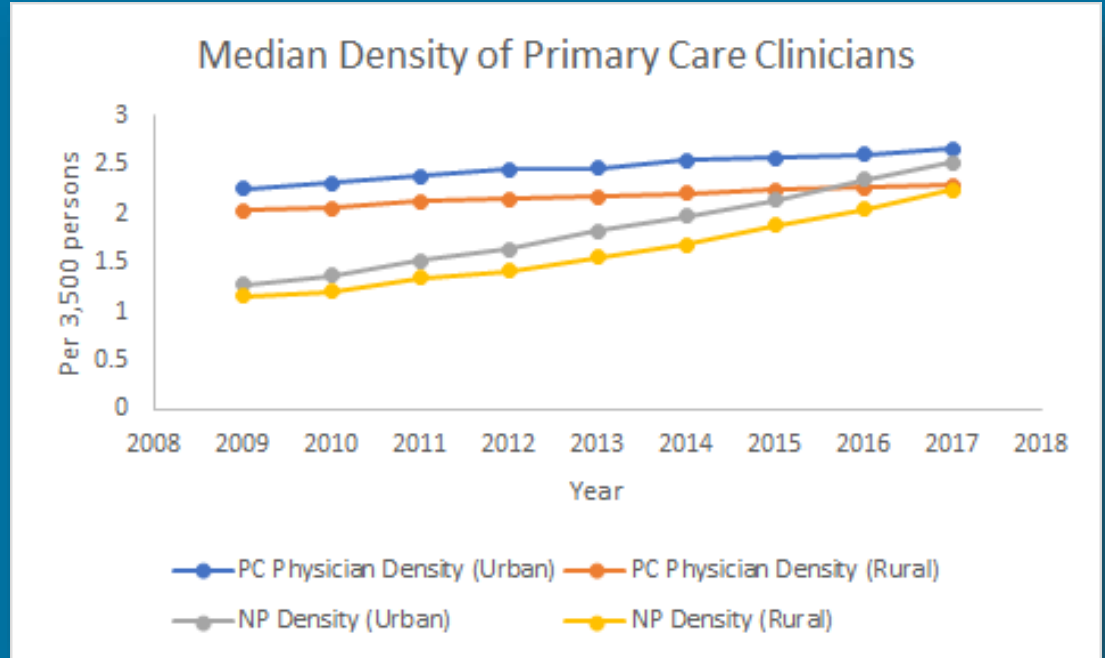
- After ACA implementation, primary care utilization flat or declined: 2010–2013 vs. 2014–2017  
*(JAMA Network Open, 2020)*
- Adult PC visits fell 24% 2008–2016 in commercially insured; visits to specialists remained stable  
*(Annals of Internal Medicine, 2020)*
- The % of adults reporting an “usual source of care” rose only slightly, from 76% to 78%, between 2013–2016; has been flat since 2016
- Lower rates reported by Black, Latinx adults  
*(Commonwealth Fund, 2020)*



# Indicator of PC Orientation: Workforce

- Mixed results on primary care physician workforce growth
- Rise in NPs bolstered primary care workforce in urban and rural areas

Basu, et al JAMA Internal Medicine, 2019

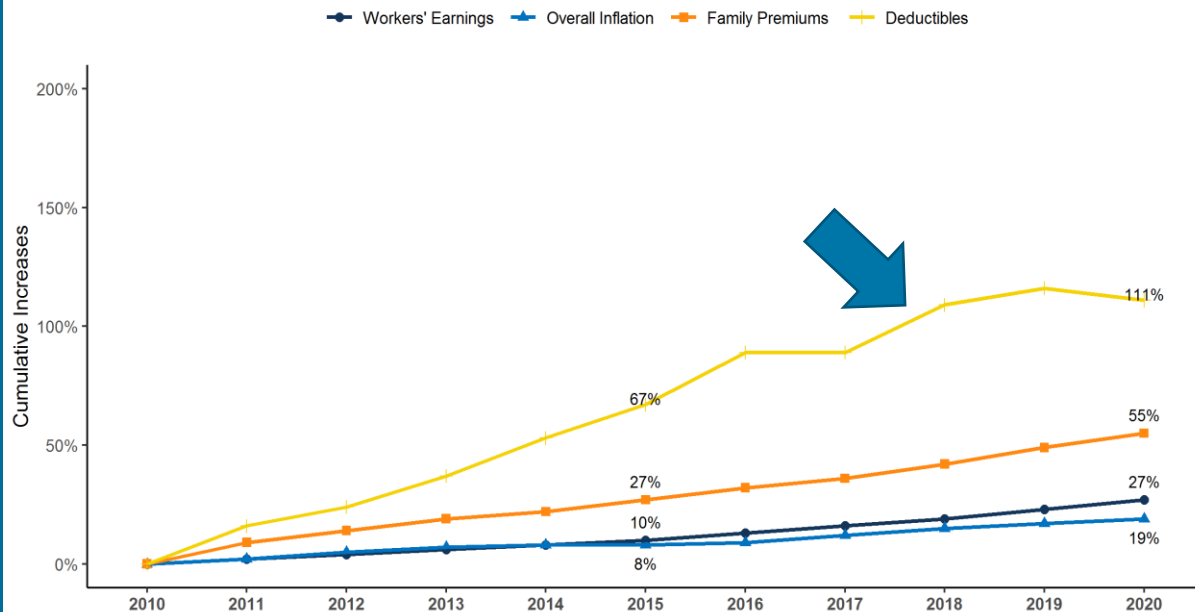


Zhang, et al, JAMA Network Open, October 28, 2020



# Declines in PC Spending, Utilization Coincide with Sharp Rise in Deductibles

## Cumulative Increases in Family Coverage Premiums, General Annual Deductibles, Inflation, and Workers' Earnings, 2010-2020

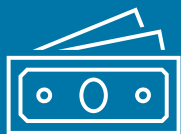


NOTE: Average general annual deductibles are for single coverage and are among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2010-2020; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2010-2020.



# Ⓜ In Short, Lack of Progress Orienting U.S. Toward Primary Care



Spending Percentage Fell



Utilization Indicators Flat to Negative



Workforce Indicators Mixed



# Recent State Actions to Re-Orient Systems Toward Primary Care

First-time PC Spending Reports  
2019-2020

Targeting PC  
Spending in Cost  
Benchmarking 2020



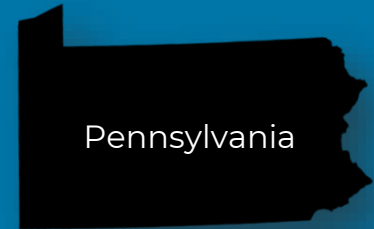
Maine



Washington



Vermont



Pennsylvania



Colorado



Delaware



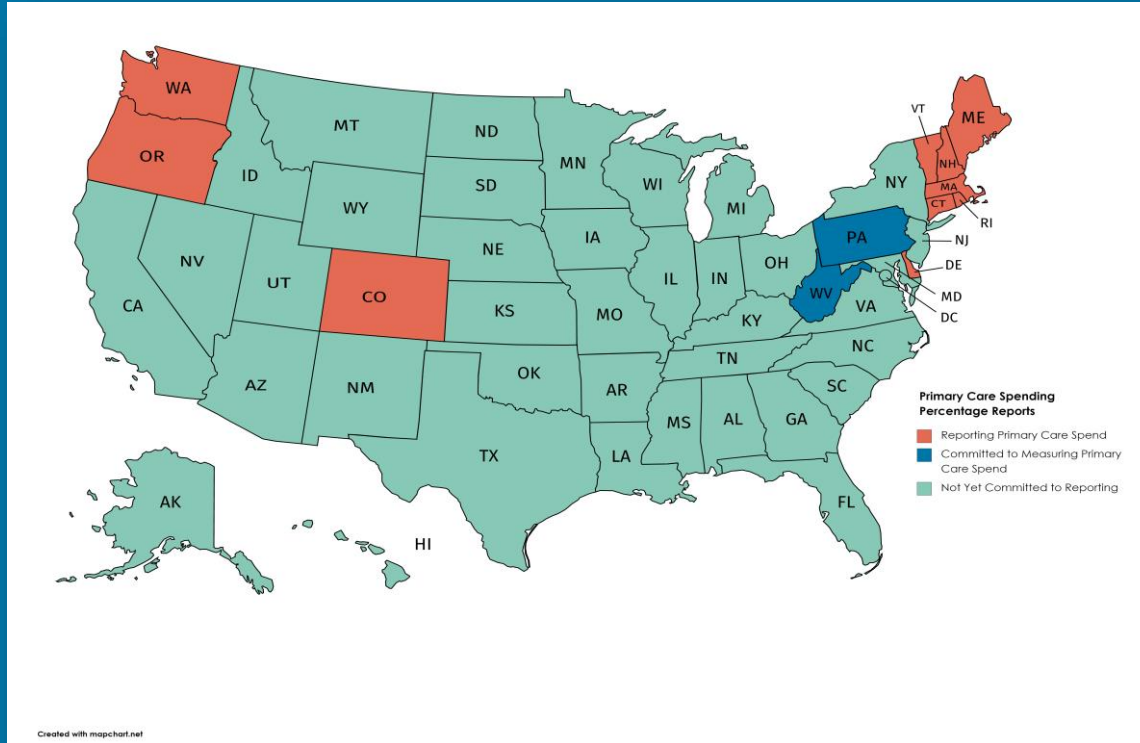
New England states



Connecticut



# State Actions to Strengthen Primary Care Investment





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